

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In Re:	§	
	§	Chapter 11
W.R. GRACE & CO., et al	§	Jointly Administered
	§	Case No. 01-1139 (JJF)
Debtors	§	

**FEE AUDITOR'S FINAL REPORT REGARDING
FEE APPLICATION OF LEGAL ANALYSIS SYSTEMS, INC.
FOR THE FIFTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C. ("Smith"), acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Interim Application of Legal Analysis Systems, Inc. for the Fifth Interim Period (the "Application").

BACKGROUND

1. Legal Analysis Systems, Inc. ("LAS") was retained as Asbestos-Related Bodily Injury Consultant to the Official Committee of Asbestos Personal Injury Claimants. In the Application, LAS seeks approval of fees totaling \$159,537.50 and expenses totaling \$6,689.72 for its services from February 1, 2002¹ through June 30, 2002.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time entries included in the exhibits to the Application, for compliance with the Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective

¹We note that LAS' first interim application covered the time period April 12, 2001 through January 31, 2002. LAS's second interim application covered the time period that falls within the fifth interim period (April through June of 2002). Because we did not receive an interim fee application that included the months of February and March, they have not been previously audited, and, as such, we used monthly invoices to cover the months of February and March and included these months in the current final report. We request that Legal Analysis please refer to the Amended Administrative Order Under 11 U.S.C. §§ 105 (a) and 331 Establishing Revised Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Official Committee Members and to please submit fee applications containing the appropriate time entries in the future.

February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served on LAS an initial report based on our review, and received a response from LAS, portions of which response are quoted herein.

DISCUSSION

General Issues

3. We noted in our amended initial report that all LAS professionals consistently did not provide adequate detail in their time entries. Local Rule 2016-2(d) Information Requirements Relating to Compensation Requests provides "[s]uch motion shall include activity descriptions which shall be sufficiently detailed to allow the Court to determine whether all the time, or any portion thereof, is actual, reasonable, and necessary". We have previously advised LAS's professionals to provide more information in this regard and we again asked that LAS advise its professionals to comply with this rule in future applications. LAS did not respond to this issue.

4. We noted in our amended initial report that all LAS professionals consistently lump their time entries. Paragraph II.D.5. of the Guidelines states that "[s]ervices should be noted in detail and not combined or "lumped" together, with each service showing a separate time entry; however, tasks performed in a project which total a de minimis amount of time can be combined or lumped together if they do not exceed .5 hours on a daily aggregate." We had previously advised LAS regarding this issue and again requested LAS to advise its professionals to avoid lumping their time entries in the future. LAS did not respond in this regard.

Specific Time and Expense Entries

5. We noted in our amended initial report that in the Application, LAS had submitted an expense entry for “coding” which appeared to be a task that was clerical in nature.

Coding Asbestos Verdict Data \$517.49

Paragraph II.E.7. of the Guidelines indicates that nonreimbursable overhead “includes word processing, proofreading, secretarial and other clerical services”. We asked LAS to please explain why this expense should not be considered nonreimbursable overhead. LAS responded that:

The cited entry involved an extensive research project to collect, electronically enter and analyze data on asbestos personal injury trial verdicts. This was not a routine clerical process but rather a step in this research project. Trained and experienced data entry consultants reviewed descriptions of trials in Mealey's Asbestos Report and extracted and summarized information from these reports. This specialized task is neither "word processing, proofreading, secretarial [nor] other clerical services". Rather, it is the first step in a specialized and technical empirical research project that is at the heart of empirical research that Legal Analysis Systems undertook as consultants and experts on matters of asbestos personal injury claims and liabilities.

We accept this explanation and have not objection to this charge.

6. In the initial report we noted that the total amount of travel expenses pertaining to Peterson is listed as \$6,019.91, but that the individual trip subtotals add up to \$5,908.14, as set forth in Exhibit A, for a difference of \$111.77. Thus we asked LAS to please address this issue, and LAS stated that it agreed with our calculations. Thus we recommend a reduction of \$111.77 in expenses.

CONCLUSION

7. Thus, we recommend approval of fees totaling \$159,537.50 and expenses totaling \$6,577.95 (\$6,689.72 minus \$111.77) for LAS's services for February 1, 2002 through June 30, 2002.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

By: _____

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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 5th day of November, 2002.


_____
Warren H. Smith

Exhibit A

Date: 05/02/02
Time: 7:00am

Legal Analysis Systems, Inc.

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W. R. Grace (continued)

Total Expenses \$8,965.18

FedEx (Peterson)	\$34.11
Travel (Peterson)	\$6,019.91
Fedex (Relles)	\$80.00
Travel (Relles)	\$2,792.95
Copying (Ebener)	\$38.21

Travel (Peterson) Thousand Oaks-Washington DC May 5-7 \$1,781.65

Airfare (1/2 coach)	\$1,252.25
Hotel	257.05
Meals	91.10
Cabs, roundtrip Dulles	50.00
Car service, roundtrip LAX	131.25

Travel (Peterson) Thousand Oaks-New York, May 14-15 1,490.29

Airfare (1/2 coach)	\$1,128.75
Hotel (1/2)	134.07
Meals	46.22
Cabs, roundtrip JFK Airport	50.00
Car service, roundtrip LAX	131.25

Travel (Peterson) Thousand Oaks-Chicago, June 3-7 \$41.85
(split with several projects)

Airfare	\$ 509.46
Hotel	241.62
Telephone	86.84
Airfone	5.09
Meals	36.71
Cabs, O'Hare roundtrip	12.86
Car service, LAX roundtrip	37.50

Travel (Peterson) Thousand Oaks-New York July 16- \$1,706.12
(split with other project)

Airfare	\$1,212.33
Hotel	344.86
Meals	31.01
Telephone	0.42
Cab, from JFK	30.00
Car service, LAX roundtrip	87.50

Travel (Relles) Santa Monica-New York, June 19-20 \$2,792.95

LAX-NYC half the cost of a Los Angeles to NYC

	coach fare--had to change for return	1132.50
NYC taxi	JFK to mid-town hotel	45.00
NYC hotel	Hotel Elysee NYC	281.46
NYC hotel	Hotel Elysee NYC restaurant charge (dinner meeting with Nate Finch)	58.19
NYC taxi	One Penn Plaza to JFK	34.40
NYC-LAX	return coach fare to Los Angeles	1221.50
LAX parking	parking LAX	19.90

SERVICE LIST

Notice Parties

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